

# FOR MYSORE STATE

IL-27-40,000-5

Development (1954) Department

MS. SERIES.

Letter.  
G.O. No. 4713

Dated 16.9.48

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## [Despatch Abstract.]

COMPANIES : BANKING COMPANIES : TRANSFER OF GOVERNMENT SECURITIES  
FROM ONE DOMINION TO THE OTHER : INSTRUCTIONS ISSUED TO BANKING  
COMPANIES IN MADRAS PROVINCE.

No.II(4B)/48.Genl.  
GOVERNMENT OF INDIA  
Ministry without Portfolio.

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New Delhi, the 10th July 1948.

From

V.D. Dantiyagi, Esq.,  
Joint Secretary to the Government of India

To

All Provincial Governments

Subject: TRANSFER OF GOVERNMENT SECURITIES FROM ONE DOMINION  
TO THE OTHER.

Sir,

I am directed to state that during the Inter Dominion Conference held at Lahore on the 13th to 15th March 1948, certain decisions regarding transfer of securities were arrived at between the representatives of the two Dominions. Copies of paragraphs 29 and 30 and Appendix "A" of the Minutes of that conference are enclosed for reference. In this connection certain instructions have been issued by the Custodian of Evacuee's Property Delhi (copy enclosed). It is requested that similar instructions may kindly be issued by the Provincial Government, to the Banks for their guidance. This Ministry will be grateful if the action taken by the Provincial Government on the matter is communicated to the Government of India at an early date.

*Copy to All Ministries Govt of India*

Yours faithfully,

V.D. DANTYAGI

Joint Secretary to the Government of India

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An extract from the minutes of Inter Dominion discussions held at Lahore on the 13th to 15th March 1948, between Pakistan Minister for Refugees, and the Indian Minister for Relief and Rehabilitation.

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The Conference considered the Joint Report of Mr. K.J. Headington (Pakistan) and Mr. Sachdeva (India) embodying Mr. Headington's note regarding transfer of Government securities between the two Dominions dated the 9th March 1948, and their joint addendum to the note in substitution for its original final paragraph (see Appendix.A).

Both Dominions accepted the proposals contained therein and agreed to implement them with immediate effect. They also agreed to use their good offices to secure the consent of these States to similar arrangements.

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Note regarding transfer of Government securities between the two Dominions.

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The ~~enables~~ ownership of Government securities and Provincial loans can, in the majority of cases, be ascertained from a scrutiny of the endorsements on the reverse of the notes, and I am of opinion that a large proportion of such securities held by Banks can be released without endangering the rights of the proper owner who might have pledged his securities to some other person. The transfer of Government ~~securities~~ between the two Dominions has been withheld to ensure that the interests of nationals of both Dominions are fully protected but as a result much inconvenience has been caused to the rightful owners of such securities due to this ban, and the matter has now become of great urgency by reason of the fact that, after the 31st March 1948, restrictions will be placed by each Dominion on the encashment of such securities for the payment of interest at treasuries in the other Dominion.

2. The following classes of Government securities and Provincial loans could, in my opinion be released at once:-

- (a) CLEAN GOVERNMENT SECURITIES (I.e. securities which bear no endorsements on the reverse)-

Government securities falling in the above category usually stand in the name of the holding bank to facilitate the collection of interests, and the question of a pledge does not, therefore, arise. Even where such securities stand in the name of an individual, there can also be no question of a pledge in the absence of an endorsement on the reverse. Such Government securities, could, therefore, be released at once.

- (b) GOVERNMENT SECURITIES BEARING A LAST ENDORSEMENT FROM A RECOGNISED FIRM OR BROKERS IN FAVOUR OF THE HOLDING BANK OR AN INDIVIDUAL;

Government Securities falling under the above category have obviously been purchased through a firm or brokers and represent a genuine purchase in the open market. The question of a pledge cannot arise in such cases, as it is obvious that the selling broker has endorsed the securities to the genuine buyer. These securities could, therefore, be released at once.

- (c) GOVERNMENT SECURITIES HELD BY A BRANCH OF A BANK ON BEHALF OF ANOTHER BRANCH OF THE SAME BANK;

Government securities falling under the above category have been transferred from one Branch of a bank to another Branch to facilitate the collection of interest as, for example, in the case of Punjab Government Loans, a large number of which are held in the West Punjab to facilitate the collection of interest. There can be no question of a pledge in such cases, as the last endorsement has been made by one Branch of the Bank in favour of another. These securities should, therefore, be released at once.

3. There remains for consideration those securities which have been endorsed by one individual to another individual and it is in such cases that doubts regarding the actual ownership has been established after a reference to the Custodian.

4. To summarise my proposals, I would recommend that, as regards securities, including Provincial Loans, in the first three categories mentioned above, banks should be allowed to transfer them in the ordinary course of business, if necessary, under the supervision of a Government official. As regards those securities endorsed by one individual to another, these should not be transferred but should be set aside pending receipt of further instructions from the Custodian.

5. After securities in the first three categories have been released, lists of those securities which have not been

transferred should be prepared by the Banks and submitted to the Custodian for his scrutiny and further orders. Such securities should form a very small portion of the whole, and my proposals, if approved, will relieve the Custodian of a great deal of work which would arise if he is called upon to examine all securities now in the possession of Banks.

Suitable instructions will be issued to the banks on the lines indicated above, and it is recommended that similar action be taken by the Indian Dominion.

5. It is suggested that Government securities should also include Post Office Cash Certificates, which are not transferable and in connection with which the question of ownership is undisputed.

6. (Deleted).

K. HEADINGTON  
Banking Adviser to Government, West  
Punjab, 9-3-1948

Sd/ K. HEADINGTON  
15-3-1948

Sd/ M.R. SACHDEVA  
15-3-1948.

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Addendum to the note of Mr. Headington dated 9-3-1948.

To be substituted for the deleted para 6.

There is no objection to the removal from either Dominion of Joint Stock Co. shares and debentures or of bonds issued by individual banks or of National/War Savings Certificates.

The reason for this decision is that in the case of Joint Stock Companies' shares, the holder only derives his title by the express consent in writing of both parties - so that if the owner has not received full value of his shares, he can refuse to sign this transfer deed; in which case the holder cannot get any benefit out of the transfer.

In the case of bonds issued by individual banks or National or War Savings Certificates, and there is no point in their removal being disallowed.

Sd/ M.R. SACHDEVA  
15.3.1948

K. HEADINGTON  
15-3-1948.

NO. By/120  
GOVERNMENT OF INDIA,  
Ministry of Relief and Rehabilitation,  
Office of the Custodian of Evacuee's Property,  
"P" Block, Raisina Road, NEW DELHI.

Dated. the ~~30th~~ March 1948.

From

U.S. Dikshit, Esquire,  
Custodian of Evacuees' Property.

To

All Bank Managers in Delhi Province.

Bear Sir,

I have been directed to inform you that it is the policy of the Ministry to release those Government securities and Provincial loans where the ownership can be ascertained from a scrutiny of the endorsement on or on the reverse of the notes, and where it is apparent that their release will not in any way endanger the rights of the proper owner who might have pledged his securities to some other person.

2. Those Government securities and Provincial loans which may now be released are those which fall within the following categories:-

- (1) Clean Government Securities and Provincial loans i.e. securities on which there are no endorsements on the reverse
- (2) Government securities and Provincial loans bearing a last endorsement from a recognised firm of brokers in favour of the holding bank or individual
- (3) Government securities and Provincial loans held by a branch of a Bank on behalf of the head office or another branch of the same Bank.

3. In cases where Government securities or provincial loans have been endorsed by one individual in favour of another individual these should not for the present be released, as it is in such cases that doubts regarding the actual ownership might arise.

4. After Government securities and Provincial loans in the three categories referred to above have been released, it is requested that lists of those securities which have not been transferred should be prepared by the Banks concerned and submitted to the Custodian of Evacuee Property, Delhi, for reference. It is anticipated that such securities will form a very small proportion of the whole, and it should not be very difficult to prepare such lists. These lists need only contain the names of each depositor and details of the Government security or Provincial loans held against his account.

5. As regards Post Office Cash Certificates, these may be released to the relative depositor on application.

6. Moveables in the shape of jewellery and other valuables in the lockers or safe deposit vaults may also be given to the depositor on presentation of a permit to be issued by the Custodian of Evacuee Property, Delhi Province, Delhi.

7. Regarding the disposal of Joint Stock Company Shares etc., a separate communication will be issued in due course.

Yours faithfully,

(U.S. DIKSHIT).

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COMPANIES DEPARTMENT.

From  
Sri Diwan Bahadur J. Krishnamurti,  
Registrar of Joint Stock Cos.,  
Madras.

To  
The Joint Secretary to Government,  
Development Department,  
Fort St. George, Madras.

No. BA-4096/48 dated 26th August 1948.

Sir,

Sub: COMPANIES - Banking Companies - Transfer of Government securities from one Dominion to another - Instructions issued.

Ref: Memorandum No. 84604-K/48-1 Dev. dated 14th August 1948.

Two copies of the instructions issued to the Banking Companies in this Province are herewith submitted.

2. As the Custodian of Evacuee Property, New Delhi, has not issued any instructions regarding Joint Stock Company shares etc., I have also not issued any instructions regarding them, although the revised para 6 of the note of Mr. Headington has been approved by the Conference.

3. There is no information in the Government Memorandum whether there is any Custodian of Evacuee Property for this Province. His address has ~~there~~ not therefore been furnished in paras (4) and (6) of my instructions to the banks. This information as well as instructions regarding Joint Stock Company shares etc., will be furnished to the banks when received.

Sd/ for Registrar of J.S.Cs.

Copy of letter No. Ba-4095/48 dated the 26th August 1948 from the Registrar of Joint Stock Companies, Madras, to all Banking Companies in the Province of Madras.

Sub: BANKING COMPANIES - Transfer of securities from one Dominion to the other - Instructions issued.

I have been directed to inform you that it is the policy of the Government of India to release those securities and Provincial loans held by banks where the ownership can be ascertained from a scrutiny of the endorsements on the reverse of the notes, and where it is apparent that their release will not endanger the rights of the proper owner who might have pledged his securities to some other person.

2. Those Government securities and Provincial Loans which may now be released are those which fall within the following categories:-

(i) Clean Government securities and Provincial loans, i.e. securities on which there are no endorsements on the reverse.

(ii) Government securities and Provincial loans bearing a last endorsement from a recognised firm or brokers in favour of the holding bank or individual.

(iii) Government securities and Provincial loans held by a branch of a Bank on behalf of the head office or another branch of the same bank.

3. In cases where Government securities or Provincial loans have been endorsed by one individual in favour of another individual these should not for the present be released, as it is in such cases that doubts regarding the actual ownership might arise.

4. After Government securities and Provincial Loans in the three categories referred to above have been released it is requested that lists of those securities which have not been transferred should be prepared by the Banks concerned and submitted to the Custodian of Evacuee Property for reference. These lists need only contain the names of each depositor and details of the Government security or Provincial loans held against his account.

5. As regards Post Office Cash Certificates, these may be released to the relative depositor on application.

6. Moveables in the shape of jewellery and other valuables in the lockers or safe deposit on presentation of a permit to be issued by the Custodian of Evacuee Property.

7. Regarding disposal of Joint Stock Company shares, etc., a separate communication will be issued in due course.

GOVERNMENT OF MADRAS  
Development Department.

Letter (Ms) No. 4713 Dev.

Fort St. George,  
Dated, the 16th September 1948

**From**

K.G. Menon, Esq., I.C.S.,  
Joint Secretary to Government

To

The Secretary to the Government of India,  
Ministry without Portfolio, NEW DELHI.

Sir,

**Sub: COMPANIES - Banking companies - Transfer of Government securities from one Dominion to the other.**

Ref: Letter from the Government of India, Ministry without Portfolio, No. II(4B)/48-Genl. dated 10th July 1948.

I am directed to forward a copy of the instructions issued by the Registrar of Joint Stock Companies, Madras, to all Banking companies in this Province, regarding transfer of Government securities from one Dominion to the other on the lines of those issued by the Custodian of Evacuee's Property, Delhi, together with a copy of his letter No.Ba.4095/48 dated the 26th August 1948, which is explanatory to the instructions issued by him.

Yours faithfully,

K.G. MENON.  
Joint Secretary to Government.

Copy to the Secretary to the Government of India, Ministry of Commerce,  
New Delhi (with enclosure).

Copy to the Registrar of Joint Stock Companies, Madras, with reference to his letter No.Ba.4095/48 dated the 26th August 1948. He is informed that there is no officer by the name of "~~Gabedian~~ Custodian of Evacuee Property" in this Province.

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/TRUE COPY/

For Superintendent.  
Madras Record Office.

$$\frac{400}{400}$$

No. I(4B)-A-1.M&I  
GOVERNMENT OF INDIA  
Ministry of Relief and Rehabilitation.  
New Delhi, the 3rd November 1948.

To

The Custodian of Evacuees' Property,  
"P" Block, NEW DELHI.

Subject: Transfer of shares from India to Pakistan.

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Sir,

With reference to your O.M. No.CEP/148/1108 dated the 30th September 1948, copy endorsed to this Ministry, I am directed to state that the position in Pakistan regarding shares in joint stock companies is that shares held by Evacuees are "Evacuee Property" but it is understood that permission is granted by Pakistan Government as a matter of course except in case where there is any endorsement indicating transfer by a Pakistan National to a Indian National in which cases it investigated is to safeguard the rights of Pakistan nationals. There is no restriction on the transmission of dividends on shares held in companies functioning in Pakistan.

Removal of shares from Pakistan however should be distinguished from transfer by sale of shares which can only be effected with the permission of the Custodian of Evacuee Property.

To bring the position in line with Pakistan Muslim Evacuees may be allowed to remove share scrips from India to Pakistan except in cases where the scrips bears an endorsement by an Indian national in favour of a Pakistan National. In such cases the facts should be investigated to safeguard the interests of Indian Nationals, before the transfer is allowed. There should be no restriction on the transmission of dividends to Muslim evacuee shareholders on shares held in companies functioning in India.

Muslim Evacuees who wish to transfer the shares by sale etc., should be allowed to do so only with the prior permission of the Custodian of Evacuee Property.

Yours faithfully,

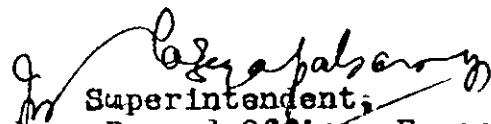
H.L. SONI

Under Secretary to the Govt. of India.

Copy to all Provincial Governments (including Chief Commissioners).

/True copy/

Sk. 5/8

  
Superintendent,  
Madras Record Office, Egmore.

4/11/48